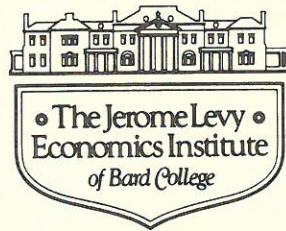
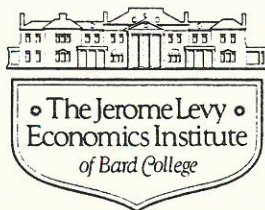


**THE JEROME LEVY ECONOMICS INSTITUTE
OF BARD COLLEGE
PRESENTS**

**POVERTY AND PROSPERITY
IN AMERICA**
*at the Close
of the Twentieth Century*

**A CONFERENCE
JUNE 18-20, 1991**





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June 18, 1991

Dear Colleague:

I am delighted, on behalf of The Jerome Levy Economics Institute of Bard College, to welcome you to our conference on **Poverty & Prosperity in America at the Close of the Twentieth Century**.

The Institute founded in 1986, is an autonomous, independently endowed research organization. It is non-partisan and open to the examination of diverse points of view, and dedicated to public service. Each year a number of scholars from around the world are chosen to serve as resident research fellows. In addition, Institute-sponsored workshops and conferences bring together economists, business leaders, elected officials and others to analyze contemporary economic problems and suggest possible solutions. Among the current problems that concern the Institute are the challenges of maintaining price stability with full employment, reducing structural unemployment and poverty, and maintaining financial stability.

It is our sincere hope that this conference will contribute toward fulfilling the goals and aspirations of the Institute.

Thank you for being with us, and enjoy the conference. I look forward to seeing you again at subsequent activities in the years ahead.

Sincerely,

Dimitri B. Papadimitriou
Executive Director

DBP/sh

THE JEROME LEVY ECONOMICS INSTITUTE
of Bard College

POVERTY & PROSPERITY
IN AMERICA
at the Close of the Twentieth Century

"The primary fact of economics is the production of wealth. The division of the product among those who create it is secondary in logical order and, in a sense, in importance. Yet the most important subject of thought connected with social economy is distribution. If the term be used broadly enough it designates all of the economic process that presents moral problems for solution. On the settlement of the ethical questions concerning the division of the social income depends not only the peace of society but the fruitfulness of industry."

J.B. Clark **Palgrave's Dictionary of Political Economy**

This Conference marks the culmination of a major research project undertaken by the Institute, aiming at the re-examination of the causes underlying economic inequality in the United States. The papers presented at this conference focus on the analysis of the important issues of inequality, poverty, gender and special demographic groups household earnings, the role of health in earnings capacity and welfare participation, as well as the impact of inheritance, property incomes, taxes and transfers on patterns of aggregate income and wealth.

The Institute believes in the potential for economic study to improve the human condition. Its purpose is to generate viable, effective public policy responses to important economic problems. It is concerned with issues that profoundly affect the quality of life in the United States, other highly industrialized nations, and countries with developing economies.

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**POVERTY & PROSPERITY
IN AMERICA**
at the Close of the Twentieth Century

A Conference of
THE JEROME LEVY ECONOMICS INSTITUTE
of Bard College

June 18-19, 1991

Tuesday, June 18th

9:00 am - 9:15 am WELCOMING REMARKS

Dimitri B. PAPADIMITRIOU, The Jerome Levy Economics Institute and
Bard College

9:15 am - 9:45 am INTRODUCTORY REMARKS

David LEVY, Director, Forecasting Center, The Jerome Levy Economics Institute

9:45 am - 12:30 pm SESSION I

Chair: Edward WOLFF, New York University

***Rebecca BLANK**, Northwestern University--*"Why Are Poverty Rates So High?"*

#Robert HAVEMAN and Larry BURON, University of Wisconsin--*"Earnings
Capacity and Poverty Composition and Prevalence-1973, 1980 and 1988"*

+Joan R. RODGERS, The University of North Carolina-Greensboro and The Jerome
Levy Economics Institute and **John L. RODGERS**, The University of North
Carolina-Greensboro--*"Who are the Chronically Poor in the United States?"*

DISCUSSION

***Daniel H. WEINBERG**, US Bureau of the Census

#Robert AVERY, Cornell University

+Patricia RUGGLES, Urban Institute

12:45 pm - 2:30 pm

LUNCH

Peter J. PESTILLO, Vice President, Corporate Relations and Diversified Businesses
for Ford Motor Company

2:30 pm - 4:30 pm

SESSION II

Chair: Dimitri B. PAPADIMITRIOU, The Jerome Levy Economics Institute
and Bard College

***McKinley BLACKBURN**, University of South Carolina, **David BLOOM**, Columbia
University and **Richard FREEMAN**, Harvard University and Russell Sage
Foundation--*"The Distribution of Labor Market Outcomes: Measuring and
Explaining Trends and Patterns in the 1980s for Selected Demographic Groups
in the United States"*

#Christopher JENCKS, Northwestern University and **Susan MAYER**, University of
Chicago--*"Trends in Inequality of Consumption, Living Conditions, and Well-
Being"*

+Greg DUNCAN, University of Michigan, **Timothy SMEEDING**, Syracuse
University and **Willard RODGERS**, University of Michigan--*"W(h)ither the
Middle Class? A Dynamic View"*

@David BUNTING, Eastern Washington University--*"Savings and the Distribution
of Income"*

4:30 pm - 5:00 pm

BREAK

5:00 pm - 6:30 pm

DISCUSSION

***Alan BLINDER**, Princeton University

***Kevin LANG**, Boston University

#Paul RYSCAVAGE, US Bureau of the Census

+William T. DICKENS, University of California-Berkeley

@Edward WOLFF, New York University

6:30 pm

RECEPTION

7:30 pm

DINNER

Wednesday, June 19th

9:00 am - 10:45 am

SESSION III

Chair: David LEVY, Director, Forecasting Center, The Jerome Levy
Economics Institute

***Maria CANCIAN and Sheldon DANZIGER**, University of Michigan and **Peter GOTTSCHALK**, Boston College--*"The Impact of Working Wives on the Level and Distribution of Family Income"*

#Edward WOLFF, New York University--*"Social Security Annuities and Transfers: Distributional and Tax Implications"*

+Barbara WOLFE, University of Wisconsin--*"The Role of Health in Limiting Earnings Capacity, Poverty and Welfare Participation"*

@Soroushe ZANDVAKILI, University of Cincinnati and The Jerome Levy Economics Institute--*"Analysis of Inequality Among Women in a Dynamic Framework: A New Perspective on Racial Inequality"*

10:45 am - 11:15 am

BREAK

11:15 am - 1:00 pm

DISCUSSION

***Daniel H. WEINBERG**, US Bureau of the Census

#Robert AVERY, Cornell University

+Patricia RUGGLES, Urban Institute

@David HOWELL, New School for Social Research

1:15 pm - 2:30 pm

LUNCH

2:30 pm - 5:30 pm

**POLICY FORUM ON
"PROSPECTS FOR FUTURE POLICY"**

Chair: Dimitri B. PAPADIMITRIOU, The Jerome Levy Economics Institute and
Bard College

Robert AVERY, Cornell University

Sheldon DANZIGER, University of Michigan

William T. DICKENS, University of California--Berkeley

Robert HAVEMAN, University of Wisconsin

Timothy SMEEDING, Syracuse University

Edward WOLFF, New York University

5:30 pm

RECEPTION

6:00 pm

DINNER

LIST OF PARTICIPANTS

ROBERT B. AVERY, Ph.D, University of Wisconsin; Professor in the Department of Consumer Economics at Cornell University and a Research Associate at the Federal Reserve Bank of Cleveland. Prior to his arrival at Cornell, Dr. Avery was a Senior Economist at the Board of Governors of the Federal Reserve System (1981–1988) and an assistant professor of economics in the Graduate School of Industrial Administration at Carnegie Mellon University (1975–1981). While at the Federal Reserve Board, he served as project director of the 1983, 1986 and 1989 Surveys of Consumer Finances. His current research interests center on the use of these data to study issues related to wealth and saving. He is also working on problems associated with the deregulation of the banking system.

McKINLEY L. BLACKBURN, Ph.D, Harvard University; Assistant Professor of Economics in the College of Business Administration at the University of South Carolina. Dr. Blackburn's thesis research was devoted to analyzing changes in the distribution of income among families in the U.S. His current research interests include changes in the wage structure in the U.S. and other industrialized nations, and the interconnection between childbearing and women's labor–market activity. He is also a member of The Jerome Levy Economics Institute's research team on the "Economic Inequality at the Close of the Twentieth Century" project.

REBECCA BLANK, Ph.D, Massachusetts Institute of Technology; Associate Professor, Northwestern University. Dr. Blank also taught at Princeton University, and until recently was with the Council of Economic Advisors. Professor Blank is a member of the Jerome Levy Economics Institute's research team on the "Economic Inequality at the Close of the Twentieth Century" project.

ALAN S. BLINDER, Ph.D, Massachusetts Institute of Technology, 1971; Gordon S. Rentschler Memorial Professor of Economics, Princeton University. Dr. Blinder is a regular contributor to Business Week, and on the Editorial Board of the Journal of Economic Literature, and the Journal of Monetary Economics; and Associate Editor of the Journal of Public Economics. His publications include: Toward an Economic Theory of Income Distribution; General Equilibrium Systems: Essays in Memory of Rafael Lusky, co-ed. (with P. Friedman); Economics: Principles and Policy (with W. J. Baumol); and Economic Policy and the Great Stagflation. His last book, Hard Heads and Soft Hearts, was published by Addison–Wiley.

DAVID E. BLOOM, Ph.D, Princeton University, 1980; Professor of Economics, Columbia University. Dr. Bloom also taught at Harvard University and Carnegie-Mellon University. Professor Bloom is a member of the Jerome Levy Economic Institute's research team on the "Economic Inequality at the Close of the Twentieth Century" project.

DAVID BUNTING, Ph.D, University of Oregon; Professor of Economics at Eastern Washington University. Dr. Bunting is Associate Editor of the Social Science Journal and the author of many articles and books. His most recent publications are Rise of Large American Corporations: 1889-1919, "The Consumption Function 'Paradox' Journal of Post Keynesian Economics and "Recovery of Robinson-Patman Damages: Confusion and Resolution" Antitrust Bulletin. His current research includes the relationship between household savings and consumption behavior and the distribution of income.

SHELDON DANZIGER, Ph.D, Massachusetts Institute of Technology; Professor of Social Work and Public Policy, Faculty Associate in Population Studies, and Director of the Research and Training Program on Poverty, the Underclass and Public Policy at the University of Michigan. From 1974-1988 he was at the University of Wisconsin, where he was Director of the Institute for Research on Poverty from 1983-1988. Dr. Danziger's research focuses on trends in poverty and inequality and the effects of government social programs on the poor. He is the editor of Fighting Poverty: What Works and What Doesn't, (Harvard University Press, 1986), and the author of numerous articles. Dr. Danziger is also a member of The Jerome Levy Economics Institute's research team on the "Economic Inequality at the Close of the Twentieth Century" project.

WILLIAM T. DICKENS, Ph.D, Massachusetts Institute of Technology; Associate Professor, University of California-Berkeley. Dr. Dickens' research is in the area of inter-industry wage differences and theories of wage determination.

GREG DUNCAN, Ph.D, University of Michigan; Professor and Research Scientist, Institute for Social Research, University of Michigan-Ann Arbor. Dr. Duncan's research interests include family income dynamics, consumer economics and demography. He is also a member of The Jerome Levy Economics Institute's research team on the "Economic Inequality at the Close of the Twentieth Century" project.

RICHARD B. FREEMAN, Ph.D, Harvard University; Professor of Economics Harvard University; Russell Sage Foundation; Director, Labor Studies, NBER. Dr. Freeman's principal areas of interest are labor markets and trade unions. He is the author of numerous books and articles and is a member of The Jerome Levy Economics Institute's research team on the "Economic Inequality at the Close of the Twentieth Century" project.

PETER GOTTSCHALK, Ph.D, University of Pennsylvania; Professor of Economics, Boston College. Dr. Gottschalk also taught economics at Bowdoin College and was a Project Associate at the Institute for Research on Poverty at the University of Wisconsin. His primary research interest is in the area of the economics of poverty and income distribution. He is a member of The Jerome Levy Economics Institute's research team on the "Economic Inequality at the Close of the Twentieth Century" project.

ROBERT HAVEMAN, Ph.D, Vanderbilt University; John Bascom Professor of Economics, Director, Robert M. LaFollette Institute of Public Affairs, and Fellow, Institute for Research on Poverty at the University of Wisconsin-Madison. Dr. Haveman is co-editor of the American Economic Review. His primary fields of interest are public finance and human resources economics, and his publications include: Earnings Capacity, Poverty and Inequality, Jobs for Disadvantaged Workers, and Starting Even: An Equal Opportunity Program to Combat the Nation's New Poverty. Dr. Haveman has also published in the American Economic Review, the Review of Economics and Statistics, and the Quarterly Journal of Economics and is a member of The Jerome Levy Economics Institute's research team on the "Economic Inequality at the Close of the Twentieth Century" project.

DAVID HOWELL teaches at the Graduate School of Management and Urban Policy, New School for Social Research and is a research associate at the C.V. Starr Center for Applied Economics, New York University. His recent work has focused on the implications of changes in industry characteristics, particularly the adoption of information technologies, for employment, skills and earnings (for example, "Trends in the Growth and Distribution of Skills in the U.S. Workplace, 1960-85," Industrial and Labor Relations Review, April 1991; "Changes in the Information-Intensity of the U.S. Workplace Since 1950: Has Information Technology Made a Difference?" in Peter Albin and Eileen Applebaum, eds., Information Technology: Economic and Policy Implications, M.E. Sharpe, forthcoming). In a project sponsored by the Levy Economics Institute, he is examining the effects of recent employment restructuring on the economic status of black Americans.

CHRISTOPHER JENCKS, B.A., Harvard College, 1958; Professor of Sociology and Director of the Center for Urban Affairs and Policy Research, Northwestern University. Professor Jencks also taught at the University of California-Santa Barbara and Harvard University. His research is in the area of non-monetary aspects of work, altruism and standard of living. Professor Jencks is a member of the Jerome Levy Economics Institute's research team on the "Economic Inequality at the Close of the Twentieth Century" project.

KEVIN LANG, Ph.D, Massachusetts Institute of Technology; Professor of Economics, Boston University. Dr. Lang is a member of the Advisory Committee, Canadian Employment Research Forum; Faculty Affiliate, Institute for Economic Development, Boston University; and was the editor of the monograph series on "Sociology and Economics: Controversy and Integration," Aldine de Gruyter. He is the author of many books and articles, his most recent, with W.T. Dickens, "Labor Market Segmentation Theory: Reconsidering the Evidence," in Darity, W., Jr. ed, Controversies in Labor Economics, NY: Kluwer, forthcoming.

DAVID A. LEVY, MBA Columbia University. Vice Chairman of the Board of Governors and Director of Forecasting of the Jerome Levy Economics Institute of Bard College. He was Partner and Senior Economist, Levy Economic Forecasts and co-author with S Jay Levy of Profits and the Future of American Society, 1983.

S JAY LEVY, Chairman of the Board of Governors of the Jerome Levy Economics Institute of Bard College, began his economic career in 1946 when he and his father, Jerome Levy, started an economic forecasting business for a limited number of clients. In 1949 they inaugurated Industry Forecasts, which today is the oldest paid circulation letter devoted to economic forecasting and analysis. S Jay Levy has been a consultant to major industrial and financial corporations and has lectured and written widely on economic matters.

SUSAN MAYER, Ph.D, Northwestern University; Assistant Professor, Graduate School of Public Policy Studies, University of Chicago. Dr. Mayer was a Research Associate at the Center for Urban Affairs and Policy Research, Northwestern University; an Equal Opportunity Specialist in the Office of Civil Rights of the U.S. Department of Health and Human Services; and taught at Indiana University. She is the author of numerous publications including: "Recent Trends in Economic Inequality in the United States: Income vs. Expenditures vs. Material Well-being" forthcoming; "Poverty and Living Conditions: A Cross-national Comparison" in untitled volume edited by Katherine McFate and William Julius Wilson. Professor Mayer is a member of the Jerome Levy Economics Institute's research team on the "Economic Inequality at the Close of the Twentieth Century" project.

DIMITRI B. PAPADIMITRIOU, Ph.D Graduate Faculty, New School for Social Research; Executive Vice President and Professor of Economics, Bard College and Executive Director of the Jerome Levy Economics Institute of Bard College and the Bard Center. Visiting Scholar, Center for Economic Planning and Research (Athens, Greece); Wye Fellow, Aspen Institute. Dr. Papadimitriou is a member of the Board of Governors of the Jerome Levy Economics Institute of Bard College and a contributor to economic journals. He is the Editor of Profits, Deficits and Instability (Macmillan Press 1991); Aspects of Distribution of Income and Wealth (Macmillan Press 1992); and with Steven Fazzari Financial Conditions and Macroeconomic Performance, Essays in Honor of Hyman P. Minsky (M.E. Sharpe 1991).

PETER J. PESTILLO, LL.B. Georgetown University; Vice President, Corporate Relations and Diversified Businesses for Ford Motor Company. Activities reporting to him include Employee Relations Staff, Governmental Affairs, Ford New Holland Inc. and the Ford Executive Development Center. He also represents Ford on the boards of directors of Rouge Steel Company and Park Ridge Corporation, parent firm of Hertz Corporation. He served as chairman of Ford Aerospace Corporation during 1990 until its sale at the end of the year.

JOAN R. RODGERS, Ph.D, University of Minnesota; Resident Scholar, Jerome Levy Economics Institute of Bard College; Assistant Professor of Economics, University of North Carolina-Greensboro. Dr. Rodgers has also taught at the University of Minnesota; Lincoln University College of Agriculture, New Zealand; and University of Queensland, Australia. Her publications include: "Poverty & Choice of Marital Status: A Self-Selection Model" Popular Research and Policy Review, forthcoming; "Measuring the Intensity of Poverty among Subpopulations, with Application to the United States" (with John L. Rodgers) Journal of Human Resources, Spring 1991; "Does the Choice of Poverty Index Matter in Practice?" Social Indicators Research, 1991.

JOHN L. RODGERS, Ph.D, University of Minnesota; Assistant Professor of Economics, University of North Carolina-Greensboro. Dr. Rodgers has also taught and undertook research at the University of Minnesota; Lincoln University College of Agriculture, New Zealand; and the University of Queensland, Australia. His publications include: "Measuring the Intensity of Poverty among Subpopulations, with Application to the United States" (with Joan R. Rodgers), Journal of Human Resources, Spring 1991.

PATRICIA RUGGLES, Ph.D, Harvard University; Senior Research Associate at the Urban Institute, Income and Benefits Policy Center. Dr. Ruggles has written extensively on poverty, the distribution of income, and public income support programs. She has also directed a number of studies for the Food and Nutrition Service of the Department of Agriculture and for the Department of Health and Human Services. Dr. Ruggles served as a Senior Economist with the Joint Economic Committee and was an ASA/NSF Fellow at the Bureau of the Census, where she studied determinants of the durations of poverty and welfare spells. Before joining the Urban Institute, Dr. Ruggles spent four years as an analyst at the Congressional Budget Office, where she was responsible for analyses of Social Security and of means-tested transfer programs.

PAUL RYSCAVAGE, M.A., American University, 1969; Senior Labor Economist in the Census Bureau's Housing and Household Economic Statistics Division. He serves as a staff assistant to the Assistant Division Chief of that Division and conducts research on the Nation's labor force and income distribution. Mr. Ryscavage has worked at the Census Bureau since 1983 and prior to that, at the U. S. Bureau of Labor Statistics since 1962. He has written numerous articles and presented many papers dealing with labor force and income statistics.

TIMOTHY M. SMEEDING, Ph.D, University of Wisconsin; Professor of Economics and Public Administration, Syracuse University; Overall Project Director, Luxembourg Income Study. Dr. Smeeding also taught at Vanderbilt University, the University of Utah and Bowdoin College. He is the author of numerous books and articles, including: Cross-National Comparisons of Economic Inequality, Vol. III of Research in Economic Inequality, Volume editor; and Poverty, Inequality and the Distribution of Income in an International Context: Initial Research from the Luxembourg Income Study (LIS) Project, lead author (with M. O'Higgins and L. Rainwater). Dr. Smeeding is a Referee/Reviewer for numerous journals, among which are American Economic Review, International Economic Review, Journal of Economic Literature and Journal of Policy Analysis and Management. He is also a member of The Jerome Levy Economics Institute's research team on the "Economic Inequality at the Close of the Twentieth Century" project.

DANIEL WEINBERG, Ph.D, Yale University; Chief, Housing and Household Economic Statistics Division, US Bureau of the Census. Dr. Weinberg has taught at Yale University, worked on housing research at Abt Associates, and worked for nine years at the U.S. Department of Health and Human Services on welfare and poverty research and policy. He is the author of numerous articles and co-author of The Economics of Housing Vouchers, The Great Housing Experiment and Fighting Poverty.

BARBARA L. WOLFE is a Professor in the Department of Economics and Preventive Medicine at the University of Wisconsin-Madison. She is also a Research Associate at the National Bureau of Economic Research and a Research Affiliate for the Institute for Research on Poverty at the University of Wisconsin-Madison. Professor Wolfe is the author or co-author of numerous publications including articles on the effects of Medicaid on welfare dependency and work, the changing economic status of the aged and children in the U.S., and disability and labor force participation. She is a member of the Expert Group of the European Economic Community Project on the Distributive Effects of Cost Containment in Health Care. She is a Co-Editor of the *Journal of Human Resources*. Professor Wolfe received her Ph.D in economics from the University of Pennsylvania. She is also a member of The Jerome Levy Economics Institute's research team on the "Economic Inequality at the Close of the Twentieth Century" project.

EDWARD N. WOLFF, Ph.D Yale University, 1974; Professor of Economics, New York University where he has taught since 1974, and a former research associate at the National Bureau of Economic Research. He has also served as Managing Editor of the Review of Income and Wealth since 1987. His principal research areas are income and wealth distribution, productivity growth and applied Marxian economics. He is the author of Growth, Accumulation, and Unproductive Activity: An Analysis of the Post-War US Economy, (Cambridge University Press, 1987), a co-author of Productivity and American Leadership: The Long View, (MIT Press, 1989) and The Information Economy: The Implications of Unbalanced Growth (The Institute for Research on Public Policy, 1989). Professor Wolff is a member of the Jerome Levy Economics Institute's research team on the "Economic Inequality at the Close of the Twentieth Century" project.

SOURUSHE ZANDVAKILI, Ph.D Indiana University-Bloomington, 1987; Resident Scholar, Jerome Levy Economics Institute of Bard College and Assistant Professor of Economics, University of Cincinnati. Some of his published contributions include: "A Class of Generalized Measures of Mobility with Applications," Economics Letters 1986 (with E. Maasoumi); "Mobility Profiles and Time Aggregates of Individual Incomes," Research on Economic Inequality 1989 (with E. Maasoumi); "Generalized Entropy Measures of Mobility for Different Sexes and Income Levels," Journal of Econometrics, 1990 (with E. Maasoumi); and Generalized Entropy Measures of Long-run Inequality and Stability Among Male Headed Households," Empirical Economics 1991.

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